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FOREIGN AGRICULTURE

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Japanese Farm Policy Changes

Argentina Exports More Citrus

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Brazilian official shows Charles O'Mara, U.S. Agricultural Officer, São Paulo, the relatively heavy fruiting of annual cotton on a demonstration farm in the Mata producing zone of Pernambuco. See article page 8.

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Japan Launches Three-Pronged Agricultural Policy Program

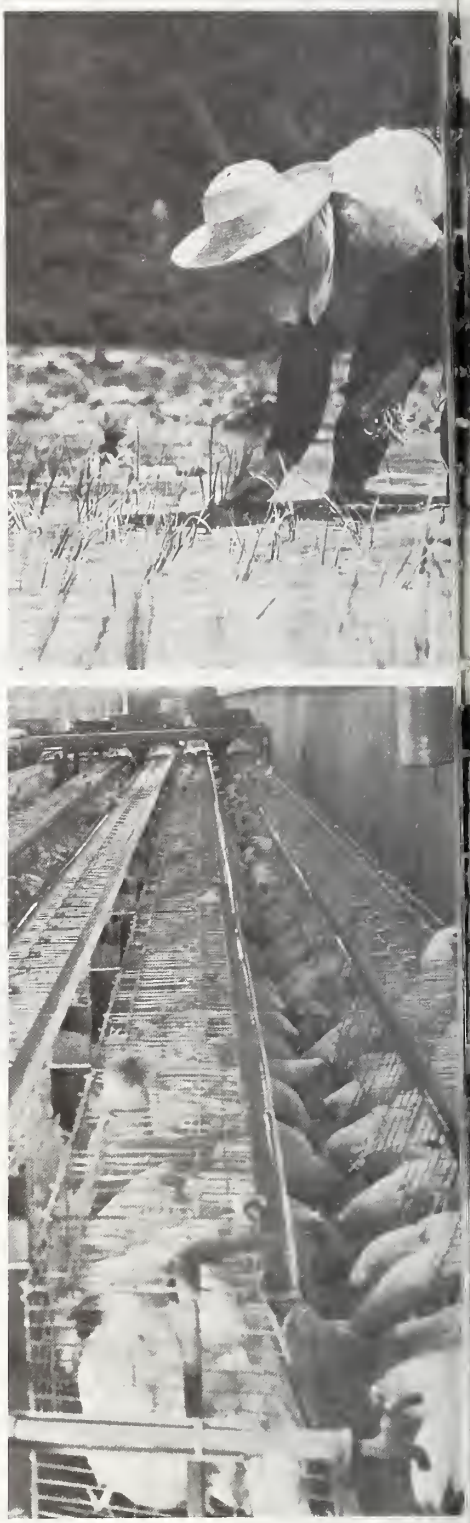
By BRUCE L. GREENSHIELDS
Foreign Demand and Competition Division
Economic Research Service

JAPAN HAS embarked on a new program to increase agricultural self-sufficiency, expand stocks of grains and oilseeds, and accelerate the diversification of supply sources. The new plan was initiated as a result of supply and price instability in world markets.

The goals for increasing self-sufficiency are limited to marginal needs and are not expected to curtail substantially the growth of markets for U.S. grains and oilseeds. The aim for wheat is to produce more of the soft variety used in a specialized noodle popular in Japan. Soybean output for food uses is to be expanded also. The major food uses are bean curd (tofu), bean paste (miso), salted beans (natto), and soy sauce.

Japanese soybean production declined from 500,000 metric tons in 1955 to 100,000 in 1973 and wheat output dropped from 1.5 million tons to 200,000 during the same period. Although the Government would like to see these trends reversed, the primary aim of the new incentives is to prevent fallow riceland from being brought back into rice production next year when payments of $460 per acre to divert it to fallow are discontinued.

To balance domestic supply and demand for rice, 1.4 million acres were taken out of rice production in 1973. Half of this land was converted to other crops, 660,000 acres were idled, and 100,000 were allotted for a riceland improvement program to regularize paddy boundaries, reconstruct irrigation and drainage networks, and replace soil. However, the Japanese Government was paying farmers to keep riceland out of production at a time when there were severe rice shortages in other parts of Asia. Thus, production controls came under attack politically when world grain supplies became tight. Still, the Japanese do not want to grow rice in excess of domestic food needs because of the high support price—which is far above usual world market prices.



Top right, Hokkaido farmer teaches his sons to feed Jersey cow on land that was once wasteland. Top center, hand transplanting of rice on small farms is becoming less common because of trends toward land consolidation and mechanization. More soybeans and grains are being imported to feed the broiler (left) and livestock (above) industries.

Japanese Government forecasts of rice demand for 1974 indicate that 850,000 acres will have to be removed from production to balance supply and demand. The incentives to convert the land to other crops will remain unchanged—$535 per acre for annual crops and $610 per acre for permanent plantings.

If all goes according to plan, 620,000 acres will be converted and 100,000 will remain in the riceland improvement program, leaving 130,000 acres idle. This idle acreage is the principal target of the project to produce more soybeans and wheat.

To further this project, direct payments will be made to farmers in designated "production promoting" areas. These payments will be $157 a ton for soybeans and $126 for wheat. They will be added to the payments for riceland diversion and the guaranteed price of about $472 per ton for soybeans and the support price of $274 per ton for wheat. In addition, wheat farmers and groups of farmers in designated areas who increase the size of their operations by more than 12 acres will receive a $756 management incentive payment.

Even with these new payments, however, soybean and wheat production will not be as profitable as rice production because of differences in yields. The potential gross return per acre for rice in 1974 will be $1,175, assuming the yield is 1.8 tons per acre and the 1973 support price is not raised (the 1973 price was 16 percent above that of 1972). For soybeans, the potential return will be $1,007 per acre if the yield is three-fourths of a ton per acre. The gross return for wheat could be $638 per acre if the yield is 1 ton per acre, the 1973 price is paid (the 1973 price was a 14-percent increase over 1972), and management payments for operations of more than 12 acres are received.

INCENTIVE PAYMENTS also will be paid to farmers increasing production of oats, corn (for silage), clover, and rye, The payments will amount to $115 per acre for each new acre planted by farmers who already manage 12 acres (37 acres in Hokkaido).

A new public corporation, the Farmland Development Corporation (FDC), will be created in 1974 to help expand agricultural production. The FDC's initial budget of $140 million will be used to make financial assistance available to established corporations to enable them to buy, sell, or rent farmland; and to further livestock raising and other farming in less progressive areas.

In 1974, the FDC's activities will be concentrated in the Northeast Region (Kitakami-Kitaiwate and Abukuma-Hakko) and in the southern island of Kyushu (Aso-Kuju-Iida).

Further, measures are being taken to expand stocks of wheat, soybeans, and feedgrains to protect Japan against short-term supply difficulties created by decreases in overseas crop production, delays in ocean transportation, or dock strikes. In cooperation with private enterprise, the Ministry of Agriculture and Forestry will establish a "Soybean Supply Stabilization Fund" in 1974. The fund will be used to maintain a 1-month supply—about 50,000 tons—of soybeans for food use.

THIS SYSTEM will principally benefit the soy food manufacturing industry which is made up of small-scale enterprises unable to hold stocks individually, in contrast to the soybean crushing industry, whose large-scale enterprises have that capability.

Wheat stocks under Government control will be increased from a 1.7-month supply to a 2.3-month supply. Stock levels of other feeds also will be raised. Government-controlled feedgrain stocks (mostly barley) will be expanded 50 percent. Compound feed stocks will be increased from a 1-month supply to a 2-month supply. Government financial assistance will be given under a 5-year plan which will include loans for silo construction.

To speed up diversification of supply sources, another public corporation, the Overseas Agricultural Development Corporation (OADC) will also be created in 1974. With an initial budget of $15 million, the OADC will support enterprises to be carried out in other countries by their Governments, involving the production of corn, sorghum, soybeans, and beef for export to Japan. The OADC also will make loans to Japanese firms with overseas investments in ventures to develop import sources, and will help them secure and train technicians.

The proposed 1974 budget of the Ministry of Agriculture and Forestry is $5.6 million (converted at a rate of 265 yen=US$1), an increase of 25 percent over the current fiscal year. Of this total, $51 million is allocated to the new incentive payments, $534 million to the riceland acreage diversion payments, $140 million to FDC, and $15 million to OADC.

"Without exports, the health of the U.S. farm economy would be sadly jeopardized," says Secretary of Agriculture Earl L. Butz, who outlines the many reasons why

Agriculture Must Export To Live

American agriculture stands at the hub of the world market for food and fiber. In turn, exports are vitally important to American agriculture.

American agriculture is geared to produce substantially in excess of this Nation's capacity to consume.

There are three ways of dealing with our excess capacity: We can curtail farm production; we can expand domestic consumption; or we can maintain farm exports at a high level.

Curtailing farm production is neither an effective nor an acceptable means of dealing with our excess production capacity. For the greatest part of the last 40 years—and especially during the 1960's—we sought to curtail farm output in an effort to maintain higher than competitive prices. The objective was to improve farm income.

That approach has not worked satisfactorily. We have maintained higher than competitive prices, but we have not adequately bolstered farm income. The inescapable conclusion of our 40-year experience is that a policy of Government-created scarcity is clearly not the best way to deal with excess production capacity.

Increasing domestic consumption is an important but limited solution to agriculture's excess capacity problem. Yet even the continuing and increasing demand stemming from society's affluence and from substantial food assistance programs will not be sufficient to absorb the full measure of American farm productivity.

A vigorous and growing export market is vital to an economically sound and prosperous agriculture. We currently export a sizable share of several major farm commodities: Nearly three-fourths of our wheat, half of our soybeans, one-fourth of our feedgrains, more than one-third of our cotton and tobacco, two-thirds of our rice, half of our cattle hides.

Farm exports for fiscal 1973 totaled $12.9 billion. That amounted to the production of 1 out of every 4 harvested acres and is equivalent to about one-fifth of farmers' yearly cash receipts from marketings. In fiscal 1974, farm exports may be in the neighborhood of $19 billion.

Without strong export market outlets for our products, farm income would plummet. Rural America would suffer disastrously, and tens of thousands of rural people would flock to the cities.

A sizable farm export market is important to the entire Nation. Nearly 40 percent of our work force is involved directly or indirectly in agriculture and its products.

Full production agriculture, which sizable exports make possible, enables farmers to lower the average unit cost of production through higher volume.

Farm exports are a principal source of the Nation's foreign exchange. A vigorous agricultural export business enables us to obtain from abroad the items of trade which have become so essential to this Nation's standard of living.

Oil for energy is the most well-known example, and today the most urgent concern.Beyond the present problem of reaching agreement with oil-rich nations to sell oil is the problem of paying for that oil. We do not purchase that oil with the currency of Iran or Libya or Saudi Arabia or Venezuela. We pay for oil with soybeans and wheat and cotton and hides and the other items of our farm abundance.

Furthermore, the capacity of this Nation to export food has been and continues to be a major factor in our efforts for peace.

The question is really not whether we must have agricultural trade—the question is how we will do it. Tomorrow's trading relationships are being defined right now in Geneva, Switzerland, where representatives of more than 100 nations are gathered for the Seventh Round of negotiations under the General Agreement on Tariffs and Trade (GATT).

Questions arise regarding how trade

Continued on page 16

Adapted from a speech by Dr. Butz on December 10, 1973, to the Indiana Farm Bureau Convention, Indianapolis.

Farm import needs big

Iran Shifts From Industrial To Agricultural Development

By C. S. STEPHANIDES
Former U.S. Agricultural Attaché
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SHORTAGES IN IRAN of dairy products, meats, rice, and foodgrains—impelling steadily increased imports—are forcing the Government to shift its emphasis from industrial investment to agriculture.

Despite a relatively good wheat crop in 1973 and an increased wheat crop forecast for 1974, Iran is planning to import 1 million tons of wheat during 1973-74, all of which is expected to be from the United States. In 1972-73, Iran imported about 870,000 tons of wheat, of which 690,000 tons came from the United States, and an estimated 92,000 metric tons of rice—chiefly from the United States and Thailand.

The national drive for self-sufficiency in wheat production is proving most difficult. Two-thirds of the wheat fields are in dry condition, and even the irrigated areas often lack water. The program to utilize Mexican wheat varieties has been successful, although acceptance has been hampered because of the Iranian preference for white wheat.

Currently forage and foodgrains are receiving top Government priority. During the 1972-73 crop year, grain acreage was expanded, more fertilizers were used, and increased acreage was put to high yielding varieties of wheat. But the prolonged severe winter killed many of the plants and delayed spring planting.

Production of wheat during 1972-73 is officially estimated at 4 million metric tons, only 130,000 tons more than the previous year and 170,000 tons short of earlier estimates.

Efforts to expand rice production through increased acreage and improved cultivation are expected to produce a bumper crop during 1972-73. Production is estimated at 740,000 metric tons, milled. This 60,000-ton increase over the previous year is attributed to higher prices for rice.

However, production lags behind demand due to population growth (at present rate of increase population will double in 23 years), and improved purchasing power of the average consumer. During March 1972-March 1973, Iran imported 91,872 metric tons of rice, of which 51,310 tons were supplied by the United States.

Above-average rainfall in the spring of 1972 contributed to improved pastures and increased livestock production, however, great shortages of meat and dairy products persist. To cover this shortfall, the Government has accelerated imports of both frozen meat and live animals.

In addition, a livestock improvement program is underway. Foreign companies and specialists have been employed to make special studies and the Government has appropriated $2 billion to increase livestock and crop production in the next 5-year plan.

Both cotton and sugarbeet production were at high levels in 1972-73. Cotton, which has been the second largest foreign currency earner after oil, is receiving more attention from both Government and exporters. Attractive loans to cotton growers are maintaining acreage and production at high levels. Cotton production policy is influenced by the cotton processing industry, which has made large investments in cotton ginning and oil extracting machinery. Such large investments are indirectly contributing to reduced production of foodgrains and other crops.

Unlike cotton, sugarbeet, sugarcane, tobacco, and teas, for which there is an established Government policy, other agricultural crops and livestock production have received little attention.

Now, to stimulate agricultural production, the Government of Iran is paying subsidies on fertilizers, pesticides, grain, and sugarbeet seeds to help farmers meet the high cost of crop production. In addition, there are indirect subsidies on cotton, sugar, poultry products, and milk in the form of import controls which contribute to increased domestic production. However, subsidies continue on imported meat and live animals.

Among the measures which the Government has introduced in rural communities to increase production are the establishment of village cooperatives which are contributing significantly to total agricultural production.

Investments by the Government in water conservation are currently underway with the construction of two large dams which will provide sufficient water to irrigate large acreages in Moghan and Khuzistan. Also a contract has been signed with three U.S. firms and one Japanese firm to develop the Moghan plain, to settle the Shahsavant tribe, and to exploit the agricultural potential of the region. This project is expected to provide work to a large number of rural people in the region.

In addition, agribusiness establishments in Khuzistan are contributing substantially to increased crop and livestock production. Already four establishments are producing large quantities of forage crops, feed- and food grains, sugarbeets, cotton, and fruits and vegetables. Khuzistan, with its extensive irrigation systems, will become the largest agricultural and livestock production region in Iran.

Iran has a ready market for its exportable agricultural commodities through barter agreements with Eastern European countries, the Soviet Union, and more recently, the People's Republic of China (PRC). Principal exports are dried fruits and cotton with the PRC already taking more than 25,000 metric tons of Iranian cotton. Shortages of dried fruits, especially raisins, have boosted Iran's exports to the USSR and Eastern Europe.

Countries which have barter agreements with Iran also receive preference in obtaining Iranian import licenses.

Argentina's Rising Citrus Output Triggers Strong Export Movement

By DALTON L. WILSON
U.S. Agricultural Attaché
Buenos Aires

RAPIDLY GAINING momentum, Argentina's citrus industry is moving into a stronger competitive position in world citrus markets, and sizable production gains of recent years are forecast to continue. Fresh citrus exports could reach 3.5 million boxes (37.5 lb. each) in 1974 and climb to 5 million boxes a year within the next 5 years. Citrus product sales are slated to double. Given current prices, the citrus industry could increase in importance as a foreign exchange earner, provided that projections materialize.

Argentine citrus production in 1972-73 totaled 1.5 million metric tons, up a noteworthy 12 percent from last season's relatively poor crop. With the exception of 1970-71 when weather conditions were unfavorable, citrus output has shown significant growth each year since 1966-67. As a result, 1972-73 production is 60 percent above the level of 6 years ago.

Of total citrus production, an estimated 77 percent of 1972-73's crop was consumed locally in the fresh form, 20 percent was processed, and the remaining 3 percent exported.

Acreage, too, is rising. During the past 3 years, annual growth rates of citrus area have averaged about 5 percent. Area planted to lemons and grapefruit, however, has expanded more than groves planted in oranges or tangerines. Over the next 5 years, industry sources feel that citrus area will continue to grow at a rate of about 3-5 percent annually.

Acreage estimates for 1970, compiled by the Argentine Fruit Producers' Association, show that 176,306 acres were planted to oranges, 62,763 acres to tangerines, 36,571 acres to grapefruit, and 37,411 acres to lemons. Thus, total citrus area in 1970 was 313,051 acres, compared with 283,918 acres in 1967—a gain of 10 percent.

Fresh citrus exports could swell to 3.5 million boxes in 1974, rising from over 1 million in 1971 and only 61,000 boxes in 1970. Prior to 1970, exports of citrus fruits were relatively insignificant. By 1976, however, fresh citrus exports could increase to 5 million boxes, according to industry sources. Also, the value of fresh citrus exports could reach $15 million within a year or two, from the estimated $10 million worth shipped f.o.b. in 1973.

In 1972, the leading export market for Argentine citrus was France, which took 45 percent of total citrus shipments; the United Kingdom ranked second taking 25 percent; the Netherlands third with 15 percent; and the remaining 15 percent was purchased by Chile, West Germany, Belgium, and Sweden. During January-July 1973, some 49 percent of shipments went to France, 31 percent to the Netherlands, and 17 percent to the United Kingdom.

The primary factor limiting citrus exports, say industry representatives, is the capacity of packinghouses, which presently operate at full capacity during the packing season. One firm that normally accounts for about three-fourths of total citrus exports is constructing a new packing plant—reportedly one of the largest in Latin America, if not in the world. When this plant is completed, capacity will be sufficient to export 5 million boxes annually.

Most large producers have their own packinghouses and pick, pack, and market their fruit either on local or world markets. At the packinghouses, fresh fruit goes through a dowicide-hexamine bath, is graded on roller-type tables, and sized over belts and rollers. Where color is poor, a color-add treatment is applied to fruit destined for domestic consumption, but not to fruit intended for export. Fruit is heavily waxed and packed unwrapped in boxes of 37.5 pounds net weight. Only top layers of boxed fruit destined for export are wrapped. Transport to market is by either rail or truck.

IN 1972-73, ABOUT two-thirds of the Argentine citrus crop was produced in the three Provinces of Corrientes, Entre Rios, and Tucuman. Some 68 percent of oranges were produced in Corrientes, Entre Rios, and Misiones; nearly 60 percent of tangerines were produced in Corrientes and Entre Rios; and 65 percent of lemons in Tucuman. The bulk of grapefruit production is concentrated in the Corrientes, Entre Rios, Tucuman, and Salta areas.

Although potential for expanding citrus production in Argentina is not

ARGENTINA: F.O.B. VALUE OF FRESH CITRUS AND CITRUS PRODUCT EXPORTS
[In U.S. dollars]

Item	1970	1971	1972	1973
Fresh citrus:				
Oranges	260,172	1,949,179	2,891,808	5,578,632
Grapefruits	11,497	682,172	2,316,636	2,944,980
Lemons	11,329	93,328	843,460	1,439,122
Tangerines	3,939	63,832	336,735	16,708
Subtotal	286,937	2,788,511	6,388,639	9,979,442
Citrus products:				
Dried citrus peels	—	48,000	90,100	148,500
Lemon juice	335,200	1,780,600	474,400	1,417,500
Orange juice	365,800	3,003,000	2,818,300	1,125,000
Tangerine juice	84,800	202,700	372,500	62,710
Grapefruit juice	919,300	4,203,900	4,543,500	2,880,000
Forages (feedstuff)	221,200	264,900	277,900	300,000
Lemon essential oil	376,200	2,026,200	2,569,000	2,469,823
Tangerine essential oil	—	7,200	32,200	25,200
Orange essential oil	—	35,600	36,000	3,719
Grapefruit essential oil	—	14,400	12,100	2,802
Subtotal	2,302,500	11,586,500	11,226,000	8,435,254
Total	2,589,437	14,375,011	17,614,639	18,414,696

unlimited, it is considered to be formidable. Many of Argentina's northern provinces have soil and climate conditions suitable for citrus production. In most of these areas, rainfall is sufficient and irrigation is not necessary. While some regions are subject to occasional freezes, no damaging freezes occur in most production zones. In addition, the color and eating quality of the fruit is considered good.

Argentina's citrus industry has weathered several major disasters in past years. Original plantings were destroyed by root and trunk rot. Groves were replaced with budded trees on fungus-resistant, sour-orange rootstock, but were virtually destroyed by tristeza in the late 1920's and early 1930's.

During the past 20 years, Argentina's citrus industry has established orchards of tristeza-resistant, scion-rootstock combinations, which appear to be progressing satisfactorily. However, this system substantially increases the risk of spreading a number of viral diseases such as psorosis, exocortis, and xyloporosis.

Production of concentrated citrus juices increased from 14,000 metric tons in 1970 to 23,000 tons in 1971, but dropped to 21,000 tons in 1972. Production in 1973 probably exceeded 1972's by 15 percent.

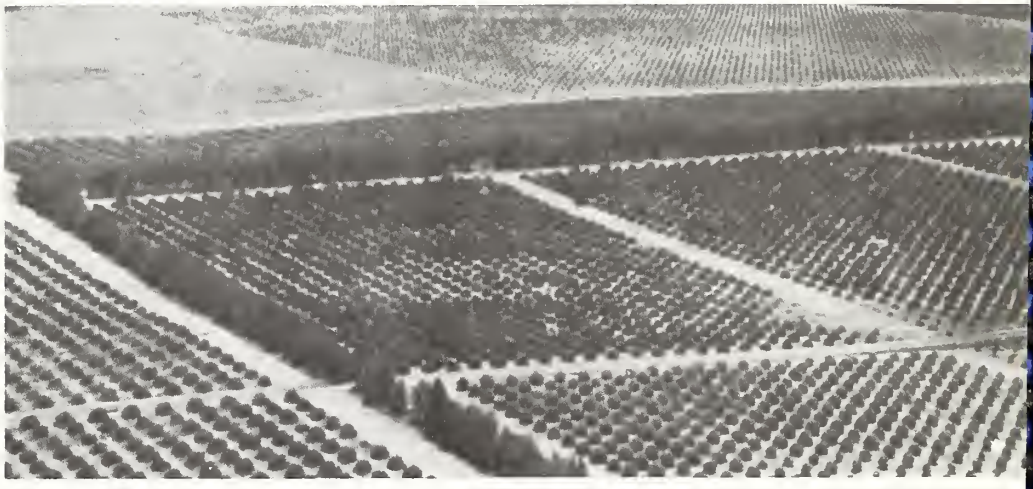
Total f.o.b. value of citrus products exported in 1973 is now estimated by industry sources at $8.4 million, compared with $11.2 million shipped in 1972. Most of the decline was due to reduced shipments of grapefruit juice and orange juice. Large shipments of grapefruit juice in both 1971 and 1972 resulted in a buildup in stocks in the European market, so that requirements in 1973 were down significantly.

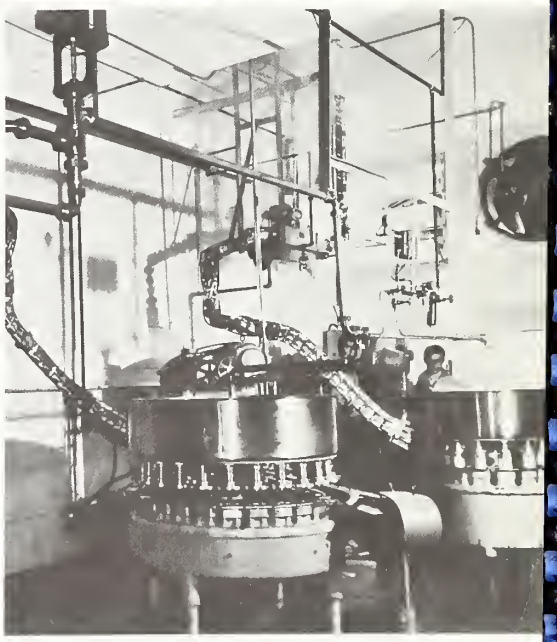
Of total citrus juices produced in Argentina, about 60 percent is exported and the remaining 40 percent consumed locally. An estimated two-thirds of the citrus juice consumed in Argentina is utilized by the carbonated soft drink industry.

Important export markets for Argentine citrus juice in 1972 were West Germany (35 percent), the Netherlands (28 percent), the United States (9 percent), and Israel (8 percent).

Argentina's Government encourages both domestic consumption and exports of citrus products through a system of variable sales taxes and rebates. A 10-percent rebate is granted on fresh citrus exports. No export taxes are levied on citrus products and rebates are 25 percent for concentrates, 10 percent for single-strength juices, and 4 percent for dried peels. There are no rebates on essential oils or feedstuffs.

Soft drinks containing more than 10 percent of citrus juice are subject to a 10-percent sales tax, drinks with less than 10-percent juice are subject to a 25-percent tax, and 100-percent fruit juice is not taxed.





New citrus plantings in Argentina, above, will boost fruit production in years to come. Cans are filled with single-strength citrus juice, below, much of which is exported.

ARGENTINA: PRODUCTION AND EXPORTS OF CITRUS FRUIT

Year	Oranges	Grapefruit	Lemons	Tangerines	Total
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*
Production:					
1966-67	640,400	81,800	74,600	114,400	911,200
1967-68	682,000	84,000	179,000	134,000	1,079,000
1968-69	820,500	112,300	194,000	217,700	1,344,500
1969-70	864,600	131,100	201,800	227,100	1,424,600
1970-71	990,000	143,700	198,600	265,100	1,597,400
1971-72	750,000	140,000	186,000	226,000	1,302,000
1972-73	805,200	182,500	231,200	243,300	1,462,200
	Boxes [1]	*Boxes* [1]	*Boxes* [1]	*Boxes* [1]	*Boxes* [1]
Exports:					
1968	47,820	6,364	—	2,025	56,209
1969	44,280	1,536	—	488	46,304
1970	53,424	3,607	2,715	1,293	61,039
1971	740,874	225,702	37,093	22,404	1,026,073
1972	963,936	661,896	210,865	112,245	1,948,942
1973	1,394,658	736,245	319,805	4,177	2,454,885
1974 [2]	2,000,000	1,000,000	500,000	([3])	3,500,000

[1] 37.5 lb. net weight. [2] Industry forecast. [3] Insignificant.

Brazil Curbs Cotton Exports To Spur Textile Trade

By HORACE G. PORTER
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Foreign Agricultural Service

BRAZIL—WORLD'S fifth largest cotton producer—has curtailed raw cotton exports to strengthen home production and exports of cotton textiles. On the surface, this would seem to spell good news to cotton-exporting countries such as the United States that compete with Brazil on world markets. But if cotton-importing countries increase their purchases of Brazilian textiles and yarns, thus slowing their mill consumption and raw cotton imports, benefits could be offset.

To insure adequate, reasonably-priced cotton supplies for Brazilian mills, the foreign trade division of the Bank of Brazil (CACEX) suspended all exports of South Brazilian cotton on October 19, 1973, except for shipments already licensed under October quotas.

On December 10, CACEX released an additional 46,000 bales of South Brazilian cotton for immediate export shipment, and a few days later two cooperatives were authorized to export 7,000 bales. This leaves 108,000 bales of South Brazilian cotton still suspended, but the trade is hopeful that a large part or all of this may still be released for shipment.

Cotton exports from Northeast Brazil have been authorized at a level of 276,000 bales. Of this total 23,000 bales were released in November and 57,000 released in December 1973.

Underlying raw cotton export curbs are efforts to keep rapidly rising world cotton prices from exerting undue pressure on the cost of cotton to domestic mills and of cotton textiles to consumers. This is in keeping with the Government's policy of holding inflation rates to no more than 12 percent per year.

Raw cotton consumption by domestic mills is expected to increase an impressive 9 percent over last season's to reach 1.6 million bales. This high rate of increase could continue for several years at least, some experts maintain, and may last throughout the 1970's.

The shift from raw cotton to textile and yarn exports is expected by Brazilian leaders to continue for some years, although farmers have previously shown they can greatly expand or reduce cotton output in just a few years if market conditions warrant.

Responding to Government export incentives, Brazil's textile shipments spiraled to over 92,000 metric tons in 1972, compared with only 41,000 in 1970, although cotton's share of the gain was unreported. Cotton yarn exports, however, rose to 19,000 tons in 1972 from 1970's 6,000 tons, while all-cotton cloth shipments jumped to 18,000 tons from 8,000. Garment exports, many of cotton, rose to 9,000 tons from under 2,000.

To encourage textile industry expansion, the Government has actively promoted purchase of new and modern equipment. Complete manufacturing plants have been imported for products destined for the export trade, and numerous incentives provided.

BRAZIL'S COTTON crop is estimated at 2.9 million bales in 1973-74, essentially the same as last season's. Significant, however, was the increase in Northeastern production, which offset declining output in South Brazil. South Brazil's harvest is expected to dip to 1.9 million bales in 1973-74 from 2 million bales, while the Northeast has increased production to an estimated 965,000 bales from last season's 885,000.

Cotton's importance to the farm economy of Northeast Brazil was emphasized by a recent study by the Superintendency for Northeast Development (SUDENE). Results showed that cotton accounts for 23 percent of all farm income, including both crops and livestock, and is planted on 27 percent of cultivated area in the Northeast.

Although a serious drought sharply reduced production in 1970-71, cotton plantings in Northeast Brazil have expanded moderately since that time. Acreage in both annual and perennial cottons has mounted, but perennial long staple cotton remains most important—accounting for about 70 percent of total production in that region.

The type of cotton grown is highly dependent on weather characteristics of various regions. Annual Upland cotton thrives in areas of higher rainfall, while perennial cotton is the major cash crop in drier areas. Perennial cotton roots sufficiently deep to survive the long dry periods common to the Northeast and can even survive the periodic, severe droughts.

In recent years, increasing attention has been focused on improving both annual and perennial varieties, as well as bettering cultural practices, in the Northeast region. Cotton industry leaders there report that efforts to develop early-maturing perennials with improved yields and high fiber quality are beginning to pay off. One such variety developed at the University of Ceara may soon be released for commercial production.

Progress in improving cultural practices and seed selection and distribution is being made by a relatively new organization called the Northeast Institute for the Development of Cotton and Oilseeds (INFAOL), which has numerous demonstration farms throughout cotton areas of the Northeast.

Practices that can be profitably applied by the average farmer, who is often at the subsistence level, are emphasized on demonstration farms.

These include use of the best readily available seed, proper spacing, planting on the contour, making use of available moisture, and other practices. Less emphasis is placed on insect control and fertilization since these are considered to be less important to economic returns in perennial cotton areas.

In addition to research work, an extension or educational program is underway to convince the many thousands of small farmers to adopt improved practices. This will necessarily be a slow process. Since in perennial cotton areas a given field is planted only every 5 to 7 years, only a fraction of the acreage can be immediately devoted to a new variety in any given year.

Even in annual cotton areas where alternatives to cotton exist, weather and farming results are sufficiently uncertain to discourage farmers from making drastic shifts in acreage from 1 year to the next. In perennial areas with few if any cash-crop alternatives to cotton, sudden shifts in acreage normally do not occur.

Leaders of INFAOL are convinced that by mobilizing the entire agricultural leadership of the Northeast—Federal, State, and local—farmers will eventually break away from their traditional subsistence practices. Therefore, prospects are now believed to be far brighter than previously for a significant breakthrough in cotton production in the Northeast, although this may take some years to accomplish.

Traditionally, each State in the Northeast has developed its own quality standards for cotton, resulting in a lack of uniformity between cottons carrying the same descriptions.

Uniform official standards for perennial cotton for all Northeastern States have now been developed by the São Paulo Cotton Exchange, cooperating with Government and commercial interests. It was expected they would be adopted before the end of 1973. Standards cover the dominant qualities that together account for about 95 percent of perennial cotton moving in commercial channels.

In South Brazil, the anticipated reduction in cotton output in 1973-74 reflects a slight drop in acreage. Nevertheless, the sharp rise in prices after last season's harvest resulted in more plantings than had been expected earlier.

Soybean acreage is expected to have expanded at the expense of cotton in Paraná, but in São Paulo, soybean expansion will occur mostly in the "cerrado" areas where cotton is not grown. Little if any change in cotton acreage is expected in Minas Gerais or in Mato Grosso.

Cotton area is expected to decline in Goias, however, as a result of last season's disappointing crop, but yields are likely to average sharply higher. In other Southern cotton-producing States, yields are likely to fall back from last year's record levels.

In mid-July 1973, Brazil's Government announced new and higher support prices for cotton, as well as a lesser increase in soybean support prices—in both cases still well below market prices. Similarly, high market prices also tended to obscure the effects of restoring the value-added tax on domestic and export cotton sales in São Paulo State.

An important factor underlying declining acreage has been the relative scarcity and high cost of farm labor, since virtually all Brazil's cotton is handpicked. For this reason, several used mechanical cotton pickers were imported in 1971 and a new gin built to handle machine-picked cotton. Ten used pickers were imported in 1972 and 49 new machines purchased in 1973.

Preliminary experiences with machine harvesters will better allow Brazilian farmers to decide if mechanical pickers can play a constructive role in farming operations. Most authorities feel, however, that the impact of machine harvesters on cotton production in South Brazil will be very small during the next few years.

Perennial "tree" cotton, left and above, grown in the drier areas of Northeast Brazil, has small but numerous bolls. Heavier bolls are characteristic of annual cotton, right, shown on a demonstration farm in the Mata producing area of Pernambuco.

Yugoslavia's Grain Crops and Cattle Herds Bigger in 1973

YUGOSLAVIA closed out the calendar year 1973 with generally good grain harvests and substantial gains in the Government effort to increase the numbers of cattle and calves.

Reports from Belgrade show wheat, feedgrains, and meat production all running well ahead of 1972 totals.

Wheat producers, encouraged by new Government incentives, have sharply increased plantings for the 1974 crop. About 5 million acres are now under cultivation, up sharply from the 4 million acres harvested in 1973.

To stimulate wheat production, the Yugoslav Government is offering the following incentives to growers:

- A premium of 0.10 dinars (about US$0.006) per kilogram is being offered for wheat sold to the Government on or before December 31, 1973.
- The guaranteed purchase price of hard wheat from the 1974 crop is increased from 1.67 dinars per kilo (about $2.67 per bushel) to 1.9 dinars (about $2.78 per bushel), and the price of soft wheat is increased from 1.55 dinars (about $2.56 per bushel) to 1.7 dinars (about $2.73 per bushel). At the official rate, 17 dinars=US$1.
- Wheat producers are offered contracts providing a 50-percent advance in their estimated production costs. The balance is to be paid after delivery of wheat in 1974. As a result, producers are able to obtain funds for planting, seeds, and fertilizers, and the Government is assured wheat for stocks and for commercial sales.

The Government thus has raised its purchase price for hard wheat by 0.27 dinar per kilo and its price for soft wheat by 1.55 dinars. In addition to the support price, the Government will guarantee storage costs up to 1.5 dinars for 100 kilos of both hard and soft wheat for each month between August 1974 and May 1975. At present, wheat growers receive 1 dinar for 100 kilos of hard wheat, and 0.8 dinar per 100 kilos of soft wheat for each month of storage between August 1973 and May 1974.

Yugoslav cattle population, now about 5.6 million, is increasing due to export cutback and to planned buildup of total cattle numbers.

Corn, too, is commanding a stronger price. The purchase price is set at 1.1 dinars per kilo, but the Government buying agency actually pays 1.2 dinars per kilo in order to attract corn for the official storage stocks.

Exports of wheat, rye, rice, and malting barley have been prohibited since August 16, 1973. Another ban also applies to exports of flours milled from wheat, corn, rye, barley, and other cereals. The embargo was put into effect to prevent any weakening in domestic supplies of these grains. The Government has approved, however, export of about 300,000 metric tons of low-quality corn in order to clear storage bins for the new crop.

The 1973 corn crop is much more satisfactory than the 1972 harvest. Because of disappointing results in fiscal 1973, it was necessary to buy about 360,000 tons of corn from the United States. The 1973 crop, however, is strong both in quantity and quality, and the need for corn imports has temporarily been removed. Average yield in 1973 set a record of 54.8 bushels per acre.

Exports of live slaughter animals dropped sharply in 1973, following the record shipments of 1972. Total cattle population is increasing, partly because of the reduced exports but also as a result of a planned buildup in cattle numbers and the increased support prices now applying to cattle. In early 1973, the cattle population was officially estimated at 5,366,000 head, 4.2 percent above the 1972 total. By January, 1974, the total is expected to be 5,630,000.

Total cattle and calves leaving the country in 1973 is estimated at only 45,000, a big drop from the 1972 figure of 170,219 animals. Exports of beef and veal, on the other hand, are headed for a probable rise of about 6 percent in 1973. The Government faces a choice between supplying domestic requirements for beef, on one hand, or strengthening the supply for visiting tourists and beef exports on the other. For the time being, at least, the official policy is to give priority to tourism and beef exports.

Export shipments of other animals also declined in 1973, reflecting the general shortage of meat in the Nation. Exports of live sheep totaled 50,000, down from the 1972 total of 68,604, and less than a quarter of the 206,360 head that left the country in 1971.

Continued on page 16

U.K. Cotton Goods Purchases Up, Stem Recent Consumption Decline

INCREASED CONSUMER demand in the United Kingdom for cotton goods may, at least temporarily, have stemmed the decline in cotton consumption which has characterized the British textile industry since the mid-sixties. This, along with other factors influencing the international cotton market, undoubtedly helped expand U. K. imports of both raw cotton and cotton textile products significantly last season.

The boom in domestic production of cotton manufactures which has occurred during the last year in the United Kingdom had been expected to continue in the short term. However, the energy crisis and its effect on economic activity will probably have a dampening effect; and over the long term it is difficult to predict whether the slight upturn in cotton consumption will continue.

Consumer expenditures for cotton textile articles (allowing for price increases and normal seasonal fluctuations) are estimated to have climbed 8 percent during the first quarter of 1973 over the fourth quarter of 1972. This is 14 percent above expenditures in the first quarter of 1972. Part, but not all, of this sales boom resulted from a desire to avoid paying the value-added tax that became effective April 1, 1973. Much of it came from a strong demand for light clothing—an outcome of the extremely hot U.K. summer.

To meet the enlarged demand for clothing, production of single cotton yarn during the first 6 months of 1973 was up by 6 percent—from 105.2 million pounds in the same period of 1972. Production of cotton-waste yarn during the 1973 period totaled 26.2 million pounds, up slightly from the comparable 1972 total of 26.1 million pounds. Production of blended cotton and manmade fiber single yarns rose 19 percent to 105.3 million pounds in the 6-month period of 1973.

U.K. output of cotton cloth during the first 6 months of 1973 dropped off to 270.2 million linear yards, 8 percent less than the 293.1 million yards produced in January-June 1972. But production of mixed-fiber cloth rose by 7 percent during the first half of 1973 to 284 million linear yards.

In the past, U.K. production of mixed-fiber fabrics has trended downward along with that of pure cotton cloth, but at a slower rate. While the relationship between the two types of cloth remains the same, the increase in blend output represents a change in direction and may denote the beginning of a new trend.

The U.K. cotton and manmade fiber industries are continuing to become more centralized. Many small independent companies have sold out to the larger ones. The result is that the big firms are in a position to compete favorably in the enlarged European Community (EC). Of independents that remain, many have survived by turning to the manufacture of specialty items. These firms should also be able to compete in the EC within their own special areas.

However, the concentration of manufacturing facilities in the hands of a few giant firms could adversely affect cotton interests in the long run. These companies naturally are interested in pushing consumption of manmade fibers which they produce. At the present time, customers appear to want cotton products and the manufacturers must supply these needs. Also the petrochemical shortage may reduce the supply of manmade fibers, thereby increasing the demand for cotton.

TOTAL IMPORTS of cotton cloth by the United Kingdom were up 36 percent to 390.7 million square yards during the first 7 months of 1973.

Unbleached cotton cloth imports, mostly from some Commonwealth countries, totaled 286.4 million square yards in January-July 1973, compared with 195.7 million yards during that period in 1972. Finished cloth imports came mostly from Britain's EC and Commonwealth partners (especially India), and the United States, and totaled 104.3 million square yards in the first 7 months of 1973. The total was 92.4 million square yards in the same period of 1972.

The four top suppliers of U.K. cotton cloth imports in January-July 1973 (with totals for the same 1972 period in parentheses), in millions of square yards, were:

Unbleached—India, 116.7 (49.1); Pakistan, 48.3 (33.5); Hong Kong, 43.5 (38.9); and the People's Republic of China, 21.5 (21);

Finished—European Community, 26.7 (27.4); India, 16.3 (8.5); the United States, 10.4 (8.2); and Hong Kong, 8.5 (8.7).

Raw cotton imports also increased substantially. Some of the increase, which was greater than the rise in consumption, was used to build stocks, much as in other major importing countries. The United Kingdom imported 763,744 bales (480 lb. net) of raw cotton in 1972-73, a jump of more than 29 percent over the 1971-72 level. The increase was shared by virtually all principal suppliers and spread across all staple lengths.

IN THE MOST IMPORTANT medium-staple sector (over 7/8 inch but under 1¼ inch), imports were up 26 percent to 654,588 bales, with the Soviet Union replacing Turkey as the No. 1 supplier. Medium-staple imports from the United States increased 26 percent in 1972-73.

Long staple imports (1¼ inch and over) in 1973 increased 57 percent over the 1971-72 levels to 79,104 bales and short staple mounted by 76 percent to 28,800 bales.

U.K. imports of raw cotton in 1972-73 from major suppliers, in 480-pound bales (with 1971-72 totals in parentheses), were:

Long staple — Sudan, 42,000 (31,854); Egypt, 25,395 (12,208); Peru, 3,750 (5,020); United States, 2,250 (625);

Medium staple—The Soviet Union, 129,000 (55,208); Turkey, 105,979 (94,335); United States, 91,938 (72,750); Colombia, 80,250 (81,479).

U.K. raw cotton imports may rise again in 1973-74. Trends toward the casual look in fashions, with emphasis on denim articles, including jeans, and some types of dresses; the switch to "natural" as opposed to "manmade;" and a drop in the pull of manmades as being the latest thing, are all expected to be factors in the upswing of cotton's popularity. This will all be subject to the general level of activity in the United Kingdom; barring prolonged economic dislocations, cotton use should remain relatively high, and stocks maintained to support it.

—Based on dispatch from
ROGER F. PUTERBAUGH
Assistant U.S. Agricultural Attaché
London

New Zealand 'Kiwi' Fruit Now Being Sold Overseas

NEW ZEALAND'S pleasant, temperate climate produces a wealth of fruit each year, with many types and varieties of apples and pears finding a ready market overseas. The Southern Hemisphere growing season helps to create an off-season market which is complementary to Northern Hemisphere production. Lately a new glamour fruit is finding an increasing demand in overseas markets—the Chinese gooseberry or "Kiwi" fruit, as it is called in New Zealand. It takes its name from its hairy surface and body shape, both reminiscent of the famous Kiwi bird, but its rough exterior gives little hint to the delightfully-flavored meat on the inside.

Cultivation of this crop in New Zealand dates back to about 1910 when the first seed was brought from China. Vines now in production are all derived from that first seed. Up until 1940 the Chinese gooseberry was not considered a serious commercial crop. About this time several small plantings came into production in the Bay of Plenty region of the North Island, and today most of the fruit grown is from a relatively small area of that region.

It is estimated that 1,000 acres are now under cultivation, producing some 2,600 tons of fruit annually. Of this, about 1,600 tons were exported to Europe and North America—including the United States—in 1972-73. Exports are expected to rise to about 10,000 tons by 1980.

Kiwi fruit is brown and hairy in appearance and is about the size and shape of a large hen's egg. When cut the fruit has an attractive light green interior with a cross-section forming a pattern of light green rays interspersed with numerous small dark seeds radiating from the center. The flavor is delicate, not unlike certain varieties of strawberries, yet with a distinct taste of its own. The fruit can be eaten singly or in fruit salads or may be spooned out without peeling. Its export potential is markedly enhanced by its excellent keeping qualities.

Kiwi fruit grows on a deciduous vine, requires a light, well-drained soil, and freedom from spring frosts. The plant is cross-pollinated so that rows of male and female plants are necessary. Usually inadequate pollination accounts for small-sized fruit. Chinese gooseberries usually like a gentle sun-facing or easterly slope and are well suited to above frostline land.

Above, Chinese gooseberry (or "Kiwi" fruit) pickers empty collection sacks into tractor-drawn cart. Above right, Kiwi fruit being culled before being packed for export. Right, a sign—promoting Kiwi fruit—of the type being seen more often in U.S. markets where this New Zealand product is sold.

THE PLANT IS PROPAGATED from cuttings, seeds, or root graftings. The bearing vines should be supported by strong fencing with adequate training of vines before fruit bearing occurs. Generally, it takes 4 or 5 years for the plant to start bearing and 7 to 8 years for full production.

However, the vines are long-lived and if proper care is given they could live many years past full production with yields of 10 tons of fruit per acre. As with other fruit, the berries are harvested while hard and green and will last up to 6 months in storage with temperatures of 32° F. and 90 percent humidity. Most harvests are between May 1 and mid-June.

Attempts have been made to grow Chinese gooseberries in the United States with some success, particularly in the area around Chico, California. Ideally the climate of certain areas in Oregon would more nearly duplicate New Zealand Kiwi fruit areas. The fruit at present will sell at retail for the equivalent of about 60 U.S. cents per pound in the Wellington area, with cheaper prices for the smaller, ungraded fruit.

—Based on dispatch from
HAROLD T. SANDEN
U.S. Agricultural Attaché
Wellington

SUGAR AND TROPICAL PRODUCTS

Australia Gives Details Of Sugar Deal with PRC

Australia's Minister of Northern Development recently released details of the country's sugar sale to the People's Republic of China.

The contract calls for shipments of approximately 300,000 tons of sugar a year—for 3-5 years—commencing January 1, 1975. However, the amount actually shipped will depend on the ability of the Australian sugar industry to supply the quantities required.

Further details of the agreement are subject to negotiation between the Australian sugar industry and the Chinese National Cereals, Oils, and Foodstuffs Import and Export Corporation, and the Governments of China and Australia.

No sugar will be made available from the 1973 crop, according to the Minister, because it is tightly committed. He also said PRC bulk handling facilities presented problems.

The Australian-PRC agreement will largely offset the Australian quota of 335,000 long tons under the Commonwealth Sugar Agreement. This quota is to be phased out when the Commonwealth Sugar Agreement expires at the end of 1974.

Ivory Coast Coffee Crop a Record, But Weather Cuts New Production

Good weather pushed Ivory Coast coffee production to a record level in 1972-73 but unfavorable conditions during the first half of the 1973-74 season may have drastically reduced output in some coffee-growing areas. An estimated overall drop in 1973-74 production of about one-third is anticipated.

Output in the Gagnoa area is reported to be about 50 percent less than in 1972-73.

The 1972-73 crop is estimated to be about 303,000 tons—13 percent higher than the previous season's 269,000 tons. (All tons are metric.) The past season's output level is believed to be about as high as it can go, given the current number of mature coffee trees. However, new plantations are expected to be operating soon, reportedly increasing the production potential by as much as 30 percent by the 1975-76 crop year.

The 1973-74 crop—now forecast at 200,000 tons—was damaged by dry weather during the flowering season, causing blooms to fall off, and preventing coffee cherries from maturing normally. There were few, if any, tree deaths, so the weather is expected to have only a 1-year effect.

However, one aspect of the weather that may have serious effects later in the crop year was the rain that fell in early November, approximately 1 month later than normal. This caused many coffee trees to rebloom so that some with cherries almost ready to pick were also in full flower. It is believed that the second blooms will not set into cherries and their appearance may only sap tree energy.

Ivorian exports of green coffee in 1972-73 totaled 170,000 tons, compared with 218,000 tons in 1971-72. No new markets have opened up and shipments went to traditional purchasers at relatively good world prices. Some upswing is expected in 1973-74 exports—to possibly 240,000 tons. There were no sales of soluble coffee in 1972-73 and none are expected in the current season.

The Ivory Coast entered the 1972-73 season with what was then considered to be a relatively high stock position—171,200 tons. With the 1972-73 record outturn and exports somewhat below those of 1971-72, stocks at the end of the season were at an estimated 300,000 tons, equivalent to 1 year's production. Although domestic consumption remains constant at about 4,000 tons annually, the large drop in production during the current season will reduce onhand stock.

West German Honey Imports Up in 1973

West German imports of honey during January-September 1973 totaled 35,153 metric tons valued at $34.1 million, compared with 32,862 tons, valued at $22.8 million for the first 9 months of 1972. Preliminary data for October 1973 placed imports at 3,890 tons, valued at $4.03 million, an average unit import value of $1,036 a ton, or 47 U.S. cents a pound. (DM1=US$0.4165.)

Reportedly, the favorable rate of exchange of the dollar against the Deutsche mark in the spring of 1973, when most contracts were concluded, resulted in the United States regaining a larger share of the West German honey market than in 1972.

January-September 1973 imports by principal countries of origin (in metric tons), were as follows: Mexico, 11,280; Argentina, 5,476; People's Republic of China, 3,794; United States, 1,406; Hungary, 1,390; Guatemala, 1,382; Spain, 1,341; Cuba, 1,301; Romania, 1,279; El Salvador, 1,091; Czechoslovakia, 866; Bulgaria, 728; Greece, 627; France, 585; Chile, 359; and USSR, 305. Details for October are incomplete.

Prices reported to have been paid for honey on the Hamburg market during early December 1973, by specified sources and type, included: Argentina (light BA export quality, old crop), $990 per metric tons, c&f. prompt shipment; France (Heather/Calluna vulgaris), $2.08-$2.19 per kilogram, prompt delivery, free buyer's warehouse; Guatemala (light amber or better), $98 per 100 kilograms, f.o.b., February-March delivery.

GRAINS, FEEDS, PULSES, AND SEEDS

Canada Signs Wheat Pact With Poland

The Canadian Wheat Board has signed a new 3-year wheat agreement with Poland. Quantity will be between 27.5 and 36.7 million bushels over the 3-year period. Prices will be fixed at the time of each implementing sales contract.

Based on current world prices, value of wheat shipments under the agreement would be between $137.5 and $183.5 million. Payment is to be 10 percent cash at the time of shipment. No details are given as to the credit arrangements or the price level for the first sales contract.

About 1.7 million bushels have already been shipped under the agreement.

The agreement covers the three Canadian crop years beginning August 1, 1973.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Jan. 2	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.26	0	3.34
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	2.96
U.S. No. 2 Dark Northern Spring:			
14 percent	6.25	— 1	3.11
15 percent	(1)	(1)	3.12
U.S. No. 2 Hard Winter:			
12 percent	6.19	—11	2.98
No. 3 Hard Amber Durum	9.12	0	3.04
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.35	0	2.14
Argentine Plate corn	3.71	0	2.36
U.S. No. 2 sorghum	3.33	+ 1	2.44
Argentine-Granifero sorghum	3.35	+ 5	2.44
U.S. No. 3 Feed barley	2.87	+ 4	1.94
Soybeans: [3]			
U.S. No. 2 Yellow	6.65	+15	4.95
EC import levies:			
Wheat [4]	[5] 0	0	.83
Corn [6]	[5] 0	0	.71
Sorghum [6]	[5] 0	0	.55

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Greek Grain Hoarding May Force Wheat Purchase

Greek wheat importers have asked the Ministry of Commerce to approve the import of 200,000 tons of wheat, which they estimate Greece will need by June 1974. Low Government grain prices paid to farmers have induced them to withhold grain from the market.

Government collections through November 3, 1973, were 32,000 metric tons of wheat and 55,000 tons of barley. A year earlier totals were 191,000 tons and 280,000 tons.

COTTON

Soviet Union Harvests Fourth Bumper Cotton Crop

For the fourth year in succession, the Soviet Union is harvesting a bumper cotton crop. According to preliminary Soviet data, total 1973 cotton output has reached a new record—11,715,000 bales—503,000 bales larger than last year's record level and 1,265,000 bales above the 1973 cotton goal.

Calendar 1972 Soviet cotton exports also rose by a record 19 percent to 2,995,500 bales. Net exports, which increased 18 percent in 1971, also set a record in 1972 by rising 60 percent. Soviet exports are again expected to be large in 1973, reflecting the higher level of production.

FRUIT, NUTS, AND VEGETABLES

West Germany Gets First Air Shipment of U.S. Walnuts

Homer F. Walters, Assistant U.S. Agricultural Attache at Bonn, West Germany, and the importer, Fritz Mueller (second and third from left), watch as two U.S. trade fair hostesses tempt German customs officials with nut samples at the Cologne/Bonn Airport.

California walnuts, fresh from the 1973 crop, have reached the German consumer by air for the first time.

On October 16, Seaboard Airlines landed 35 tons of California Diamond Brand Walnuts at the Cologne/Bonn Airport, consigned to Kaufhof, a large West German department store chain. Each of the chain's units devotes sizable space and careful attention to food retailing.

Honduras To Open Citrus Juice Plant

The first citrus juice concentrating plant in Honduras is being installed several miles north of San Pedro Sula. The company plans to market orange and grapefruit juice concentrate in Canada and hopes to begin production in January 1974. Apparently the principal problem for the new company will be obtaining fruit, especially grapefruit, since production is limited at present.

Good Weather Raises Japanese Hop Output

Japan's 1973 hop production increased by 10 percent (from 5.1 million pounds in 1972) to 5.6 million pounds, despite a 4.8-percent decrease in growing area. The increase in output is entirely due to favorable weather which resulted in a substantial jump in average yield per acre.

Because of growing demand and a small 1972 harvest,

Japan's hop imports (including hop-extract equivalent) during the 1972-73 marketing year also rose by 10 percent to 6,748,000 pounds. Of the total, West Germany accounted for about 52 percent, Czechoslovakia about 32 percent, Yugoslavia about 7 percent, and the United States about 7 percent.

Japan does not export any hops or hop products.

EC Commission Sets 1973-74 Orange Reference Prices

The following reference prices were established by the European Community Commission on December 6, 1973, for fresh oranges imported into the EC from third countries. These prices, often referred to as minimum entry prices, are about 5 percent above last season's levels.

The new reference prices are effective for the periods given in the table.

EC REFERENCE PRICES FOR ORANGES
[In EC units of account [1] per 100 kg.]

Varietal classification	Effective period	Reference price
Group I	December 1, 1973-March 31, 1974	18.0
Group II [2]	January 1, 1974-April 30, 1974	15.5
Group III	December 1, 1973-April 30, 1974	8.6

[1] u.a.1=US$1.20635. [2] Contains varieties most commonly exported by the United States. Group II varieties marketed during the month of December must comply with the Group I reference prices.

FATS, OILS, AND OILSEEDS

Netherlands To Produce Soy Protein and Flour

A major soybean processor in Amsterdam announced November 30 that it is building a large factory to manufacture soy proteins for human consumption. The facility will be located adjacent to the firm's 1-million-ton capacity soybean processing plant and is scheduled to start operation in the fall of 1974.

Initial output is slated to be 15,000 metric tons of textured soy protein and 50,000 metric tons of soy flour. However, the plant is designed with a capacity of four times these volumes and eventually will produce an even more diversified line of soy protein products.

Construction of the factory will require an investment of US$5.5-US$7.5 million. The company stated the decision to proceed with the project was based on the favorable response soy products have received from the food industry and other customers throughout Western and Eastern Europe.

In addition, another major processor is reported to have purchased a soybean processing plant in Utrecht. The company plans to produce soy flour from this facility in the future.

LIVESTOCK AND MEAT PRODUCTS

Japanese Buy Champions At National Barrow Show

The Japanese have been frequent buyers of breeding stock at the National Barrow Show held each fall in Austin, Minnesota. This year more than a hundred Japanese buyers were present, and their influence in bringing prices to record levels was strong.

The president of the newly organized Japanese Pork Producers Council, Tatsuo Soga, set the pace when he paid a record price of $25,000 for the champion Hampshire boar. He also bought the champion Duroc boar for $38,000, the champion Yorkshire boar for $30,000, and parted with $22,000 for the reserve Yorkshire boar.

Altogether, Mr. Soga purchased 11 boars and 5 gilts for just over $203,000. His countrymen at the show were also active buyers of some of the other animals.

Influencing the Japanese interest in obtaining U.S. breeding stock is the growing consumer demand for pork and the current inability of the country to produce required supplies. To meet its needs, Japan imported almost 68,000 metric tons of pork in 1972, and will probably require 120,000 metric tons from foreign sources in 1973.

Mr. Soga believes U.S. hogs and production systems are best suited for use in Japan. He and other Japanese swine breeders are pioneering U.S. systems there, seeing this as a means of increasing Japanese pork production more rapidly and reducing reliance on pork imports.

Canada Continues Cattle and Beef Surtax

On November 30, 1973, the Canadian Government completed its review of temporary import surtaxes imposed November 2, 1973, on cattle and beef.

The Canadian Minister of Finance announced the surtax of 6 cents per pound on fresh beef and 3 cents per pound on cattle would be maintained, subject to continuing review. He further stated that "the surtax has as its purpose the bringing of a greater degree of stability to the Canadian market, permitting movement towards the resumption of more normal marketing of Canadian cattle."

New Zealand Wool Agency Makes Purchases

The New Zealand Wool Marketing Corporation, formed in 1972 as a branch of the New Zealand Wool Board, has started making wool purchases. On November 12, 1973, the Corporation bought about 5.5 percent of all wool offered for sale that day at the Dunedin, New Zealand, wool market.

The Corporation, as a means of stabilizing wool prices, is empowered to acquire part or all of New Zealand's wool under the Government's wool acquisition policy. This plan is meeting opposition, however, as some of the country's woolgrowers prefer an open marketing system.

Other Foreign Agriculture Publications

- World Honey Production Decreases, Trade Seen Down in 1973 (FHON-1-73)
- Jute and Kenaf Production and Trade Up in 1973-74 (FVF-3-73)
- Canned Fruit Situation in the Netherlands and West Germany (FCAN-5-73)

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YUGOSLAV GRAIN CROPS AND CATTLE HERDS BIGGER

(Continued from page 10)

Sheep numbers continue to decline. Total in January 1973 was down to 7,774,000, which is lower by 552,000 than the 1972 total and a sharp drop of about 2.6 million head below the total of 5 years ago. Further shrinkage of the sheep population is anticipated.

Due to the strong domestic demand for pork products—especially in the tourist areas—exports of live hogs are at a standstill. Not only do local requirements absorb the entire amount of pork available from slaugher, but an import quota of about 25,000 metric tons of pork has been set by Belgrade to improve the tight supply situation. Total hog count in January 1973 was 6.3 million, an increase of 2 percent over the year before. The estimated increased hog slaughter during calendar 1973 probably will have the effect of holding the January 1974 total at about the same level.

The Yugoslav tourist areas enjoy a preferred position in the allocation of pork supplies. The rest of the country virtually went without pork during the 1973 spring and summer period.

Exports of live horses continue at a relatively high level—85,000 in 1973, compared with 97,841 in 1972—but the numbers are expected to decline as the total horse population shrinks.

Shipments of canned meat products leaving the country continue to strengthen, reflecting favorable consumer acceptance abroad of Yugoslav canned pork, ham, and beef. Canned pork, the leader, accounted for 10,000 metric tons in 1973, up from 9,299 tons in 1972. Canned ham tonnage is estimated at 8,500 tons in 1973, compared with 7,868 tons in 1972.

Yugoslavia is a net exporter of live animals, meat, and meat products. Import tonnages of these items are not significant. In 1972, 2,022 metric tons of beef and 4,719 tons of pork entered the country. Most of these tonnages went into processing.

—Based on dispatches from
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U.S. Agriculture Must Export To Live, Says Butz

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will be conducted. Will we have open trade—with low trade barriers that permit goods and services to flow freely according to market demand and comparative advantage? Or will we have administered trade—with trade and production patterns established under international agreements?

Open trade fits our competitive, incentive economy. Administered trade is based on the great leveling process.

Many other nations favor the great leveling process. The European Community is heavily committed to administered trading. The centrally-planned economies of the Communist Bloc nations challenge an open trading system since they can conduct trade in ways which other nations cannot.

Open trading encourages effective use of resources. Administered trading distorts resource allocation and results in stress, inefficiencies, and shortages.

Open trading lets the law of comparative advantage function—that means production will occur where goods can be produced most efficiently.

Open trading reduces problems of scarcity and surplus since world production tends to be more stable than that of individual countries.

Under administered trading, consumers have to wait longer for what they want, settle for less of it, and generally pay a higher price when they get it.

Keeping agricultural and industrial trade negotiations firmly hitched together is a must if we are to achieve open trade. Some of our major trading partners—the Common Market and Japan particularly—want to negotiate their industrial and agricultural sectors separately because they want to protect their highly subsidized agricultures.

We must be wise enough in the current round of GATT negotiations to consider the trade matters related to agriculture in the mainstream of those negotiations.

Only open trade will give American agriculture the opportunity it seeks and the American economy the stimulation it needs. Administered trading leaves our farmers as pawns in the leveling process—and further stifles our already control-weary economic system.

American agriculture clearly must export to live. Without exports, the health of the U. S. farm economy would be sadly jeopardized.

Furthermore, the Nation would suffer—in terms of our own supply and cost of food, in terms of jobs, in terms of our ability to buy from abroad, in terms of our economic stability, and in terms of peace.

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